

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
ENTERED

JUL 08 2005

Michael N. Milby, Clerk of Court

In re DYNEGY, INC. SECURITIES
LITIGATION

§ Master File No. H-02-1571

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CLASS ACTION

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This Document Relates To:

§

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ALL ACTIONS.

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**ORDER AWARDING ATTORNEYS' FEES AND REIMBURSEMENT OF
EXPENSES**

THIS MATTER having come before the Court on the application of counsel for the Lead Plaintiff for an award of attorneys' fees and reimbursement of expenses incurred in the Litigation; the Court, having considered all papers filed and proceedings conducted herein, having found the settlement of this Litigation with the Defendants to be fair, reasonable and adequate and otherwise being fully informed in the premises and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Court has jurisdiction over the subject matter of this application and all matters relating thereto, including all Members of the Class who have not timely and validly requested exclusion.

2. Counsel for the Lead Plaintiff are entitled to a fee paid out of the common fund created for the benefit of the Class. *Boeing Co. v. Van Gemert*, 444 U.S. 472, 478-79, 100 S. Ct. 745 (1980). In class action suits where a fund is recovered and fees are awarded therefrom by the court, the Supreme Court has indicated that computing fees as a percentage of the common fund recovered is the proper approach. *Blum v. Stenson*, 465 U.S. 886, 900 n.16, 104 S. Ct. 1541 (1984).

3. Lead Plaintiff's counsel have moved for an award of attorneys' fees in the amount of 8.7257% of the Settlement Amount (after deduction of reimbursable expenses in the amount of \$3.2 million). This is the fee percentage negotiated by the Court-appointed Lead Plaintiff with Lead Counsel prior to their appointment by the Court pursuant to 15 U.S.C. §78u-4(a)(6) of the PSLRA.

4. This Court adopts the percentage-of-recovery method of awarding fees in this case, and concludes that the percentage of the benefit is the proper method for awarding attorneys' fees in this case.

5. The Court hereby awards attorneys' fees of \$35,151,482 in cash and 1,533,872 shares of Dynegy common stock from the Settlement Amount, plus interest on the cash portion of the award at the same rate as earned on the Settlement Amount. These amounts represent the percentage

fee award negotiated between the Court-appointed Lead Plaintiff and Lead Counsel at this level of recovery.

6. Said fees shall be allocated among counsel for Lead Plaintiff by Lead Counsel in a manner which, in its good faith judgment, reflects each counsel's contribution to the institution, prosecution and resolution of the Litigation.

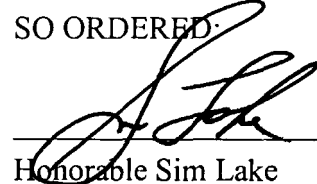
7. The Court hereby awards reimbursement of expenses in an aggregate amount of \$3,200,000.

8. The awarded attorneys' fees and expenses shall be paid to Lead Plaintiff's counsel from the Settlement Amount, subject to the terms, conditions and obligations of the Stipulations of Settlement dated as of March 10 and May 2, 2005.

9. Pursuant to 15 U.S.C. §78u-4(a)(4), The Regents of the University of California is reimbursed its expenses incurred in serving as Lead Plaintiff in the amount of \$305,753.

Dated: July 7, 2005

SO ORDERED



Honorable Sim Lake
United States District Judge

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing [PROPOSED] ORDER AWARDING ATTORNEYS' FEES AND REIMBURSEMENT OF EXPENSES document has been served by sending a copy via electronic mail to www.dynseclit.com on June 30, 2005 pursuant to the Court's service orders.

A handwritten signature in black ink, appearing to read "Mo Malone", is written above a horizontal line.

MO MALONEY